

1 IN THE UNITED STATES DISTRICT COURT  
2 FOR THE EASTERN DISTRICT OF PENNSYLVANIA

3 - - -  
4 CONSTELLATION : CIVIL ACTION  
NEWENERGY, INC. :

5 v. :  
POWERWEB TECHNOLOGIES, :

6 INC, A-VALEY :

ENGINEERS, INC., and :

7 LOTHAR E.S. BUDIKE, JR. : NO. 02-CV-2733 (HB)

8 - - -  
JANUARY 13, 2004

9 VOLUME II

CONFIDENTIAL

10 - - -  
11 Continuing videotape deposition of  
12 LOTHAR E.S. BUDIKE, JR, held in the  
13 offices of Wolf, Block, Schorr &  
14 Solis-Cohen, 1650 Arch Street,  
15 Philadelphia, Pennsylvania 19103,  
16 commencing at 10:00 a.m., on the above  
17 date, before Amanda Dee Maslynsky-Miller,  
18 a Certified Realtime Reporter and Notary  
19 Public in and for the Commonwealth of  
20 Pennsylvania.

21  
22 - - -  
ESQUIRE DEPOSITION SERVICES

23 1880 John F. Kennedy Boulevard

15th Floor

24 Philadelphia, Pennsylvania 19103

1 headache, especially after the deal --  
2 you know, the deal, the way the situation  
3 was right now.

4 Q. Did you, in fact, spend up  
5 to \$100,000?

6 A. More than.

7 Go ahead.

8 Q. So the answer is, yes, you  
9 spent more than \$100,000?

10 A. Yes.

11 Q. Is there any documentation  
12 for what that was spent on?

13 A. Yes. I didn't spend it.  
14 A-Valey spent the money.

15 Q. So you -- you subcontracted  
16 all of the work --

17 A. All of the engineering work,  
18 yes.

19 Q. So is the entire amount of  
20 the \$100,000 was -- went to A-Valey?

21 A. The entire amount of the  
22 \$100,000? No. A-Valey spent more than  
23 \$100,000.

24 Q. But at least \$100,000 was

1 spent -- in other words, Power --  
2 NewEnergy gives you \$100,000, sends you  
3 \$100,000?

4 A. Right.

5 Q. Those actual dollars, all of  
6 those dollars, at least, were used up by  
7 A-Valey?

8 A. They were used up, yes.

9 Q. Well, I'm trying to figure  
10 out whether Powerweb kept some of that,  
11 you spent some of that or does it all go  
12 to A-Valey?

13 A. No. There's still monies  
14 outstanding to A-Valey on our books  
15 today.

16 Q. Power -- so Powerweb --

17 A. Has not paid the full bill  
18 to A-Valey.

19 Q. Okay. Powerweb, though,  
20 didn't keep any of the \$100,000 for its  
21 own activity?

22 A. No. No. It was all  
23 dedicated to this project.

24 Q. So if I wanted to get the

1                   dollars?

2                   MR. LANDAU: No, I didn't  
3                   ask that question. I just asked  
4                   if there's \$100,000.

5 BY MR. LANDAU:

6                   Q. And the question is -- the  
7                   next question is, how does that -- if you  
8                   can recall or if you know, how does that  
9                   \$100,000 appear on the books and records  
10                  of your company?

11                  A. As an outstanding bill to  
12                  A-Valey Engineers for engineering  
13                  services on this project.

14                  Q. And the income or assets --

15                  A. It's on my P&Ls, yes.

16                  Q. As an asset on the P&Ls?

17                  A. No. It's an asset on my  
18                  books and it's a deduction on my books as  
19                  well as an accounts payable to A-Valey.  
20                  Yes.

21                  Q. Right. It's both.

22                               Do you recall having any  
23                  discussion in this period, February 2000,  
24                  March 2000, with Dave McGeown about